

2006 / Fiscal Year 2007 Priorities

Missouri Life Sciences Research

The fast-emerging field of the life sciences industry is an integral part of Missouri's economy. It provides \$24 billion in annual economic benefit and thousands of high-paying jobs. To support Missouri's place as a leader in this industry, the Governor has:

- Established the Missouri Life Sciences Research Board to administer funds received from the state's tobacco Master Settlement Agreement.
- Recommended \$38.5 million for the Life Sciences Research Board from the tobacco Master Settlement Agreement.
- These funds will be used to improve the health and well-being of Missourians by accelerating competitive scientific projects, building research and commercialization capacity at leading Missouri institutions, and supporting commercialization efforts that create new jobs and investment.

Jobs Incentive Programs in Missouri

Last year alone, Missouri created more than 28,000 new jobs, while unemployment fell to its lowest level in four years. Since the beginning of 2005 through November, Missouri manufacturing employment increased by 6,000, or 1.9 percent. Overall, U.S. manufacturing declined over the same period by 0.3 percent, or 37,000 jobs.

- With the Missouri Quality Jobs Act signed into law by Governor Blunt in July 2005, additional successes are expected in 2006 in job creation and retention.
- The Department of Economic Development has also completed a review of Missouri's incentive programs and will move forward with approved recommendations to best utilize Missouri's job creation potential.

Tourism in Missouri

The Governor supports Tourism in Missouri.

- Governor Blunt has recommended \$4.5 million additional dollars for the Tourism Division within the Department of Economic Development to fund activities such as advertising and cooperative partnerships. This brings total state funding for tourism to \$17.8 million.
- Tourism in Missouri has also been positively impacted by the use of Missouri's successful Historic Preservation Tax Credits.
- Heritage tourism is important to Missouri. Governor Blunt supports historic renovation and the use of new and innovative partnerships to bring more people to discover Missouri.

Creating Jobs and Opportunities for Missourians

“Improving our business climate makes Missouri more competitive for economic development opportunities. For Missourians, that means more jobs and an opportunity to care for their families and plan for the future.”

- Matt Blunt

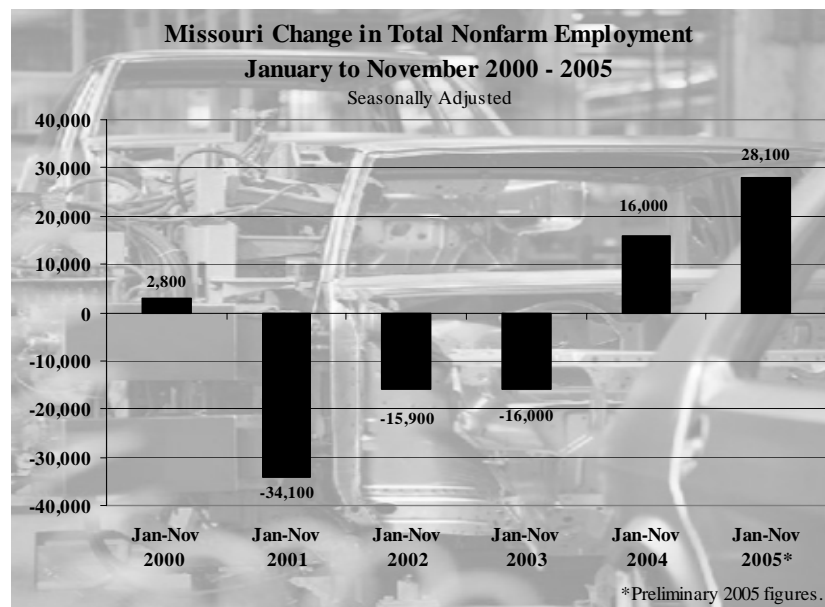
2005 Successes

An Improved Business and Entrepreneurial Climate

Through the early fall, the unemployment rate in Missouri was at its lowest level in four years. Through the third quarter of 2005, exports were \$800 million ahead of last year when the state set an export record of \$9 billion. The per capita income of Missourians continues to rise, and as of November 2005, the state has seen 28,000 new jobs.

The cost of doing business in Missouri is about 13 percent below the national average index calculated by the Milken

As of November, more than 28,000 new jobs had been created in 2005. That is an average of more than 500 new jobs each week.



Institute, a San Diego-based economic think tank. The calculation, reported in August, is based on wage costs, tax burden, electricity costs, and industrial and office rent costs.

Litigation reform and workers' compensation reform were priorities for the state prior to the Governor's election. The passage and signing of these reforms were symbols of the changes that are being made and are to come to improve opportunities in the state for all Missourians to have quality, family-supporting jobs, and access to health care services.

Both litigation reform and workers' compensation reform bring common sense and balance back to Missouri's laws. The need for these changes was evident. Previously, the U.S. Chamber of Commerce had ranked Missouri 41st out of all states for its business/legal climate.

Litigation Reform

Around the state, Missouri's hospitals and healthcare providers saw the effect of high malpractice insurance premiums as doctors left the state, stopped practicing, and applicants for competitive specialties dwindled.

Under the new law, an attorney must have an affidavit from a bona fide clinical peer of the accused to attest that malpractice

has, in fact, actually occurred. To address the problem of frivolous and ridiculous lawsuits, the litigation reform bill that was passed also restricted so-called "venue shopping", reduced joint and several



liability, and placed caps on punitive and non-economic damages.

Already, hospitals are seeing the positive impact of the passage of these reforms in the successful recruitment of new doctors.

This legislation has also meant a boost for Missouri's business community. Under the new litigation reform laws, Missouri's small businesses and entrepreneurs are able to operate without the constant fear of unfounded lawsuits that previously could have threatened their businesses' viability.

Workers' Compensation Reform

Workers' compensation costs were driving employers from Missouri and putting the state at a competitive disadvantage for economic development opportunities. The legislation that was passed and signed by Governor Blunt controls premium increases by ensuring employers are liable only for injuries for which they are directly responsible. The workplace accident or occupational exposure must be the "prevailing" factor in causing the injury or disability.

If the employee fails to obey the employer's policy on alcohol and drug use in the workplace, in conjunction with the workplace injury, the benefits will be reduced by 50 percent. If the alcohol or drug use is found to be the proximate cause of the injury, the benefits will be forfeited.

In addition, under the new law, any person who knowingly presents or causes to be presented a false or fraudulent workers' compensation claim shall be charged with a Class D felony.

The Missouri Quality Jobs Act

Governor Blunt and the Missouri Department of Economic Development looked to other states to find innovative job incentive programs that focused on bringing in and retaining family-supporting jobs for citizens. The Missouri Quality Jobs Act is based on similar programs in Oklahoma and Kentucky and has already been a powerful tool in Missouri to attract and retain quality, high-paying jobs.

The Missouri Quality Jobs Act has four parts and is targeted at industries that are essential to Missouri's growth—small and expanding businesses, technology businesses, and high impact projects. This program allows employers to keep a portion of the income tax withholding paid to employees in new or retained jobs.

The focus of the Missouri Quality Jobs Act is to create high-quality, high-paying, family-supporting jobs. In order to participate, employers must provide employee health insurance and pay at least 50 percent of the premiums. In addition, the jobs that are created or retained must be at or above the average county wage.

Since Governor Blunt signed the Missouri Quality Jobs Act into law, companies like Express Scripts and Pfizer have utilized the program to both keep and create new jobs in Missouri.

The Governor's Advisory Council for Plant Biotechnology

In April, Governor Matt Blunt announced the creation of the Governor's Advisory Council for Plant Biotechnology to help Missouri secure its place in the next great economic and technological revolution. It is the first group of its kind in the nation.

The advisory council is charged with analyzing the state's current life sciences environment to determine how the state can better capitalize on the industry's potential. The council will serve as an aggressive recruitment committee to attract new life sciences companies to Missouri, and will determine if a state-based regulatory structure is desirable.

The council, including scientists, businessmen, venture capitalists, and an economist, will report to the Governor on how Missouri can leverage its current assets, both financial and human, to drive development of this new industry.

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